

Update: Q4 report 2023

2024-02-29

## Xintela: Awaiting results in trials and discussions

- Clinical studies progressing as planned
- A loan of MSEK 16.5 granted by Flerie Invest
- We keep the fair value at SEK 1.30 per share



During Q4 2023, **Xintela's** projects are progressing according to plan as accounted for in the newly published year-end report.

Financially, CEO **Evy Lundgren-Åkerlund** stated in the report that the company had secured a loan of MSEK 16.5 from **Flerie Invest**, Xintela's main shareholder.

This alleviates the immediate short-term capital need, but the company must find a funding plan for the medium term. Hence, we recognise a significant financial risk in the company. Xintela reported a negative cash flow of MSEK 11.6 for the quarter, holding a cash position of MSEK 7.8 at year-end.

In October, the stem cell product *XSTEM* was proven safe at all three dose levels in the ongoing phase I/IIa study in osteoarthritis (OA) in the knee joint. The first patient completed the study after 18 months of follow-up after treatment. In total, 24 patients have been included, and a first read-out is expected during 2024.

Xintela's second clinical study evaluates *XSTEM* in difficult-to-heal venous leg ulcers (VLU). The first patient was dosed in Q4, and additional patients are being screened for inclusion. A total of twelve patients are to be included in this ten-week phase I/IIa study.

In December, the results from Xintela's preclinical study in horses with *EQSTEM* were published in the scientific journal **Cartilage**. The results indicate a disease-modifying effect of the treatment, showing less pain and less cartilage damage in horses with post-traumatic OA.

In February 2024, Xintela appointed **Lucienne Vonk** as the new Chief Scientific Officer. Vonk takes over from Lundgren-Åkerlund, allowing the CEO to focus more on business development and the oncology projects in the subsidiary **Targinta**.

Despite the financial situation, we still find a large potential in the investment case, significantly above the current market valuation.

The latest developments have not substantially changed our risk assumptions from our [initial report](#) published in December 2023. We therefore keep our risk-adjusted fair value of SEK 1.30 per share.

**Table 1: Sum of the parts valuation, SEK per share**

OA	0.66
VLU	0.25
EQSTEM	0.15
TNBC	0.12
GBM	0.12
Sum	<b>1.30</b>

Source: Västra Hamnen Corporate Finance

**New CSO appointed****Lucienne Vonk is the new CSO**

Lucienne Vonk joined Xintela in 2022 and has been influential in the development of XSTEM. Vonk previously held the position of Director Musculoskeletal Diseases and will now take on the role of Chief Scientific Officer from Evy Lundgren-Åkerlund. The appointment will allow Lundgren-Åkerlund to focus more on business development and the oncology projects in Targinta.

**XSTEM is safe at all dose levels****Progress in the stem cell projects**

Xintela's phase I/IIa study with XSTEM in knee OA is progressing according to plan. In October, XSTEM was assessed as safe at all dose levels after three months. The first of 24 patients completed the trial after 18 months. Xintela has earlier reported that patients at the first and second dose levels have experienced less pain and improved joint function six months after treatment. This trend has also been observed in the third and highest dose of XSTEM. The first read-out from the study is expected during 2024.

**First patient included in the VLU study**

In December 2023, Xintela announced that the first patient in the VLU study was dosed. Xintela plans to include twelve patients who will be treated with one dose of XSTEM or a placebo. The patients are then followed for ten weeks. The goal of this study is to evaluate the safety and if XSTEM has a positive effect on wound healing.

**EQSTEM results published**

Also, in Q4, efficacy results from Xintela's preclinical OA study in horses were published in the scientific journal [Cartilage](#). The results indicate less pain and less cartilage damage for horses treated with EQSTEM compared to untreated horses. Xintela has identified a great need for a disease-modifying treatment also for horses and other animals. The company has earlier expressed the ambition to develop EQSTEM together with a partner.

**Targinta and the oncology projects**

In Targinta, preparations for the planned phase 0 study with the drug candidates *TARG9* and *TARG10* are ongoing. The company is also preparing for publication of the findings related to the antibody-based drug candidates. Evy Lundgren-Åkerlund stated in the report that discussions are ongoing with potential partners and/or licensees regarding Targinta's ADC project.

**Financials**

Despite promising developments in the projects and advanced discussions with potential partners, the operations must be funded. Securing longer-term funding is crucial for Xintela to keep momentum in the development. The company has primarily been financed through equity issues, loans, and warrants or convertibles.

A license deal or partnership would drastically change Xintela's financial position. Development risk would prevail, but the company would be de-risked in terms of funding.

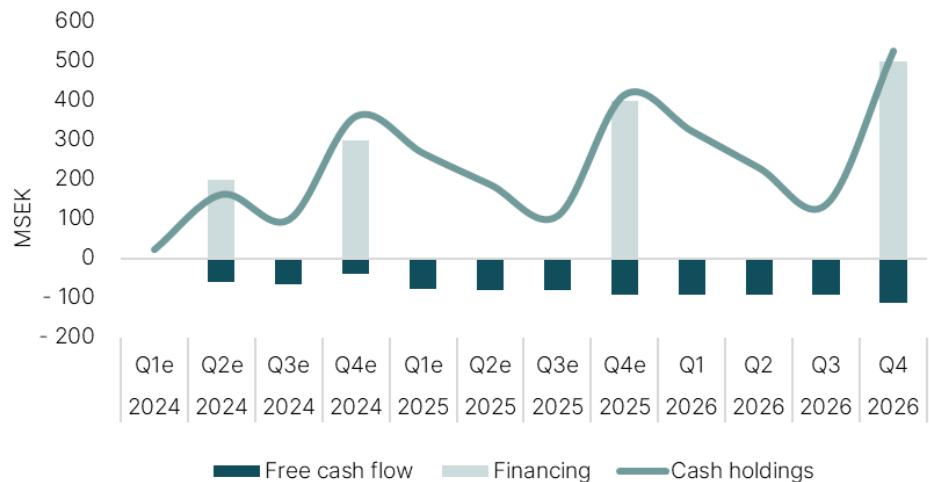
**Loan of MSEK 16.5 from Flerie Invest**

In Q1 2024, the company secured a loan of MSEK 16.5 from Flerie Invest, providing short-term relief for finding a mid-term financing solution.

Between May 26 and June 5, 2024, holders of the warrant TO3 will be able to subscribe to new shares at SEK 0.30 per share. During the previous subscription period, 21 097 181 warrants were used, adding MSEK 6.3 to the company. Xintela has 137,802,609 TO3 warrants outstanding and three remaining subscription periods left.

In 2023, the company had a burn rate from its ongoing operations of MSEK 53.1, equivalent to MSEK 13.3 per quarter. This indicates the need to raise additional capital in the near term. We previously predicted a capital raise by the end of Q1 2024. Including the loan, we now predict additional funding will be needed by the end of Q2.

*Figure 1* illustrates how we have modelled Xintela's capital needs. The projection is based on the fact that the company will continue to develop its projects on its own. This scenario is probably not realistic, as the strategy is to out-license the projects after proof-of-concept in clinical studies.

*Figure 1 – Free cash flow and financing*

Source: Västra Hamnen Corporate Finance

Regarding our expectations versus actual figures, costs came in below our estimates. We note a significant difference in R&D expenses for the quarter. We speculate that the lower cost is due to fewer expenses in the VLU study and that the activity in Targinta has been low during Q4.

With additional patients to be included in the VLU study and a renewed focus on Targinta, we expect R&D costs to rise in 2024. However, in our original projection, we estimated that these costs would arise already in Q2. We have now pushed them one quarter to Q3.

**Fair value of SEK 1.30 per share maintained**

These adjustments do not change the fair value, and we keep it at SEK 1.30 per share.

**Table 2: Estimates vs actual, Q4 2023**

kSEK	Q4 '22	Q4 '23e	Q4'23 act	Diff
Net Revenues	0	0	78	78
Other Revenues	0	0	0	0
<b>Total Revenues</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>78</b>
Cost of Goods Sold	0	0	0	0
<b>Gross Profit</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>78</b>
Research and development cost	-19 366	-16 190	-10 137	<b>6 053</b>
Sales expenses	-1 670	-1 301	-1 200	101
Personnel expenses	-2 326	-2 531	-1 633	898
Other operating income	136	0	705	705
Other operating expenses	0	0	8	8
<b>Total OPEX</b>	<b>-23 226</b>	<b>-20 021</b>	<b>-12 257</b>	<b>7 764</b>
<b>EBITDA</b>	<b>-23 226</b>	<b>-20 021</b>	<b>-12 179</b>	<b>7 842</b>
Amortisation and Depreciation	0	-113	0	113
<b>EBIT</b>	<b>-23 226</b>	<b>-20 135</b>	<b>-12 179</b>	<b>7 956</b>
Net Financial Items	-164	0	4	4
<b>EBT</b>	<b>-23 390</b>	<b>-20 135</b>	<b>-12 175</b>	<b>7 960</b>
<b>Net Profit</b>	<b>-23 390</b>	<b>-20 135</b>	<b>-12 175</b>	<b>7 960</b>
Cash and Equivalents	8 343	14 973	7 809	-7 164
Total Equity	5 777	-1 730	4 380	6 110

Source: Västra Hamnen Corporate Finance

Income Statement - Annual Data								
kSEK	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Net revenues	0	0	0	78	0	0	0	0
Other revenues	14 947	0	0	0	0	0	0	0
<b>Total revenues</b>	<b>14 947</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cost of goods sold	0	0	0	0	0	0	0	0
Research and development cost	-38 170	-44 120	-55 792	-46 239	-146 424	-303 600	-376 750	-398 400
Sales expenses	-3 757	-4 095	-5 384	-4 871	-4 940	-5 237	-5 642	-6 227
Personnel expenses	-6 917	-6 774	-11 261	-7 919	-6 739	-7 082	-7 443	-7 822
Other operating income	0	11 433	3 375	1 729	0	0	0	0
Other operating expenses	0	0	0	-15	0	0	0	0
<b>EBITDA</b>	<b>-33 897</b>	<b>-43 556</b>	<b>-69 062</b>	<b>-57 237</b>	<b>-158 102</b>	<b>-315 919</b>	<b>-389 834</b>	<b>-412 449</b>
Amortisation & depreciation	0	0	0	0	-261	-214	-176	-144
<b>EBIT</b>	<b>-33 897</b>	<b>-43 556</b>	<b>-69 062</b>	<b>-57 237</b>	<b>-158 364</b>	<b>-316 133</b>	<b>-390 010</b>	<b>-412 593</b>
Financials, net	-2 667	-538	-4 103	-1 123	-1 320	0	0	0
<b>EBT</b>	<b>-36 564</b>	<b>-44 094</b>	<b>-73 165</b>	<b>-58 360</b>	<b>-159 684</b>	<b>-316 133</b>	<b>-390 010</b>	<b>-412 593</b>
Taxes	0	1 054	6 948	4 284	0	0	0	0
<b>Net profit</b>	<b>-36 564</b>	<b>-43 040</b>	<b>-66 217</b>	<b>-54 076</b>	<b>-159 684</b>	<b>-316 133</b>	<b>-390 010</b>	<b>-412 593</b>
<b>Earnings per share (SEK)</b>	<b>-0.89</b>	<b>-0.67</b>	<b>-0.46</b>	<b>-0.15</b>	<b>-0.29</b>	<b>-0.58</b>	<b>-0.71</b>	<b>-0.76</b>
<b>Growth (%)</b>								
Net revenues	na	na	na	na	na	na	na	na
EBITDA	na	na	na	na	na	na	na	na
EBIT	na	na	na	na	na	na	na	na
Net profit	na	na	na	na	na	na	na	na
<b>% of revenues (%)</b>								
EBITDA margin	neg	neg	neg	neg	neg	neg	neg	neg
EBIT margin	neg	neg	neg	neg	neg	neg	neg	neg
EBT margin	neg	neg	neg	neg	neg	neg	neg	neg
Profit margin	neg	neg	neg	neg	neg	neg	neg	neg
Personnel costs	neg	neg	neg	neg	neg	neg	neg	neg
Total OPEX	neg	neg	neg	neg	neg	neg	neg	neg
<b>Profitability (%)</b>								
ROE	neg	neg	neg	neg	neg	neg	neg	neg
ROIC	neg	neg	neg	neg	neg	neg	neg	neg

Source: Västra Hamnen Corporate Finance

## Balance Sheet - Annual Data

kSEK	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Receivables in subsidiaries	3 476	3 081	0	0	0	0	0	0
Prepaid costs & accrued income	598	950	1 138	1 126	1 219	1 319	1 428	1 546
Inventories	0	706	319	398	431	466	505	546
Tax claims	0	0	0	4 347	0	0	0	0
Other short-term receivables	0	1 449	9 502	3 163	3 319	3 592	3 888	4 209
Cash and cash equivalents	33 601	9 941	8 343	7 809	375 658	444 223	554 718	142 572
<b>Total current assets</b>	<b>37 675</b>	<b>16 127</b>	<b>19 302</b>	<b>16 843</b>	<b>380 626</b>	<b>449 601</b>	<b>560 539</b>	<b>148 873</b>
Shares in subsidiaries	839	839	0	0	0	0	0	0
Tangible assets	8 877	7 012	4 576	1 358	1 106	901	734	598
Intangible assets	1 050	746	640	194	184	175	167	159
Financial assets	71	18	0	0	0	0	0	0
<b>Total fixed assets</b>	<b>10 837</b>	<b>8 615</b>	<b>5 216</b>	<b>1 552</b>	<b>1 291</b>	<b>1 076</b>	<b>901</b>	<b>756</b>
<b>Total assets</b>	<b>48 514</b>	<b>24 742</b>	<b>24 518</b>	<b>18 395</b>	<b>381 917</b>	<b>450 677</b>	<b>561 440</b>	<b>149 629</b>
Accounts payable	2 712	3 899	8 846	7 483	8 100	8 768	9 490	10 273
Short term tax liabilities	233	135	399	84	91	98	107	115
Short term debt	10 900	0	0	0	0	0	0	0
Other short term liabilities	2 746	13 019	4 332	4 214	10 306	11 045	11 093	11 085
Accrued cost & prepaid income	4 316	3 742	5 163	2 234	2 224	2 203	2 197	2 196
<b>Total current liabilities</b>	<b>20 907</b>	<b>20 795</b>	<b>18 740</b>	<b>14 015</b>	<b>20 721</b>	<b>22 114</b>	<b>22 886</b>	<b>23 669</b>
<b>Long term liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16 500</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total equity</b>	<b>27 607</b>	<b>3 947</b>	<b>5 777</b>	<b>4 380</b>	<b>344 696</b>	<b>428 563</b>	<b>538 553</b>	<b>125 960</b>
<b>Total equity and liabilities</b>	<b>48 514</b>	<b>24 742</b>	<b>24 517</b>	<b>18 395</b>	<b>381 917</b>	<b>450 677</b>	<b>561 440</b>	<b>149 629</b>

Source: Västra Hamnen Corporate Finance

## Cash flow statement

kSEK	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Operating activities	-32 995	-40 669	-67 877	-47 653	-159 422	-315 919	-389 834	-412 449
Changes in working capital	11 666	-2 223	-5 229	-5 464	10 771	984	329	303
Investing activities	-329	-1 202	224	-104	0	0	0	0
Financing activities	54 848	20 434	70 359	51 790	516 500	383 500	500 000	0
<b>Cash flow for the period</b>	<b>33 188</b>	<b>-23 660</b>	<b>-2 524</b>	<b>-1 430</b>	<b>367 849</b>	<b>68 565</b>	<b>110 495</b>	<b>-412 146</b>
Beginning cash balance	412	33 601	11 138	8 343	7 809	375 658	444 223	554 718
<b>Ending cash balance</b>	<b>33 601</b>	<b>11 138</b>	<b>8 343</b>	<b>7 809</b>	<b>375 658</b>	<b>444 223</b>	<b>554 718</b>	<b>142 572</b>

Source: Västra Hamnen Corporate Finance

Income Statement - Quarterly Data								
kSEK	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024e	Q2 2024e
Net revenues	0	0	0	0	0	78	0	0
Other revenues	0	0	0	0	0	0	0	0
<b>Total revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>0</b>	<b>0</b>
Cost of goods sold	0	0	0	0	0	0	0	0
Research and development cost	-11 029	-19 366	-12 387	-14 074	-9 641	-10 137	-12 112	-14 087
Sales expenses	-1 027	-1 670	-1 063	-1 275	-1 333	-1 200	-1 212	-1 224
Personnel expenses	-1 776	-2 326	-2 146	-2 469	-1 671	-1 633	-1 653	-1 674
Other operating income	1 419	136	389	268	367	705	0	0
Other operating expenses	0	0	0	0	-24	8	0	0
<b>EBITDA</b>	<b>-12 413</b>	<b>-23 226</b>	<b>-15 207</b>	<b>-17 550</b>	<b>-12 302</b>	<b>-12 179</b>	<b>-14 977</b>	<b>-16 985</b>
Amortisation & depreciation	0	0	0	0	0	0	-70	-67
<b>EBIT</b>	<b>-12 413</b>	<b>-23 226</b>	<b>-15 207</b>	<b>-17 550</b>	<b>-12 302</b>	<b>-12 179</b>	<b>-15 048</b>	<b>-17 052</b>
Financials, net	-2 043	-164	-636	-851	349	4	-330	-330
<b>EBT</b>	<b>-14 456</b>	<b>-23 390</b>	<b>-15 843</b>	<b>-18 401</b>	<b>-11 953</b>	<b>-12 175</b>	<b>-15 378</b>	<b>-17 382</b>
Taxes	0	0	0	0	3 811	473	0	0
<b>Net profit</b>	<b>-14 456</b>	<b>-23 390</b>	<b>-15 843</b>	<b>-18 401</b>	<b>-8 142</b>	<b>-11 702</b>	<b>-15 378</b>	<b>-17 382</b>
<b>Earnings per share (SEK)</b>	<b>-0.05</b>	<b>-0.08</b>	<b>-0.05</b>	<b>-0.06</b>	<b>-0.01</b>	<b>-0.02</b>	<b>-0.03</b>	<b>-0.03</b>
<b>Y-o-Y Growth (%)</b>								
Net revenues	na							
EBITDA	na							
EBIT	na							
Net profit	na							
<b>% of revenues (%)</b>								
EBITDA margin	neg							
EBIT margin	neg							
EBT margin	neg							
Profit margin	neg							
Personnel costs	neg							
Total OPEX	neg							
<b>Profitability (%)</b>								
ROE	neg							
ROIC	282.1%	719.0%	93.1%	47.5%	296.2%	282.0%	67.3%	76.6%

Source: Västra Hamnen Corporate Finance

Balance Sheet - Quarterly Data		Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024e	Q2 2024e
kSEK									
Receivables in subsidiaries	0	0	0	0	0	0	0	0	0
Prepaid costs & accrued income	86	1 138	813	1 198	865	1 126	1 149	1 171	
Inventories	409	319	264	301	419	398	406	414	
Tax claims	0	0	0	0	3 625	4 347	0	0	
Other short-term receivables	4 636	9 502	9 132	8 448	1 612	3 163	3 127	3 190	
Cash and cash equivalents	878	8 343	2 415	697	11 703	7 809	23 249	205 794	
<b>Total current assets</b>	<b>6 009</b>	<b>19 302</b>	<b>12 624</b>	<b>10 644</b>	<b>18 224</b>	<b>16 843</b>	<b>27 930</b>	<b>210 569</b>	
Shares in subsidiaries	0	0	0	0	0	0	0	0	
Tangible assets	5 307	4 576	3 752	2 929	2 192	1 358	1 290	1 226	
Financial assets	0	0	0	0	0	0	0	0	
Intangible assets	951	640	528	417	306	194	192	189	
<b>Total fixed assets</b>	<b>6 258</b>	<b>5 216</b>	<b>4 280</b>	<b>3 346</b>	<b>2 498</b>	<b>1 552</b>	<b>1 482</b>	<b>1 415</b>	
<b>Total assets</b>	<b>12 267</b>	<b>24 518</b>	<b>16 904</b>	<b>13 990</b>	<b>20 722</b>	<b>18 395</b>	<b>29 412</b>	<b>211 984</b>	
Accounts payable	8 063	8 846	10 224	8 400	4 988	7 483	7 633	7 785	
Short term tax liabilities	368	399	240	212	0	84	86	87	
Short term debt	0	0	0	0	0	0	0	0	
Other short term liabilities	4 498	4 332	13 424	31 967	5 531	4 214	13 784	13 874	
Accrued cost & prepaid income	1 954	5 163	3 570	2 028	1 798	2 234	2 408	2 117	
<b>Total current liabilities</b>	<b>14 883</b>	<b>18 740</b>	<b>27 458</b>	<b>42 607</b>	<b>12 317</b>	<b>14 015</b>	<b>23 910</b>	<b>23 864</b>	
<b>Long term liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16 500</b>	<b>16 500</b>	
<b>Total equity</b>	<b>-2 614</b>	<b>5 777</b>	<b>-10 553</b>	<b>-28 617</b>	<b>8 405</b>	<b>4 380</b>	<b>-10 998</b>	<b>171 620</b>	
<b>Total equity and liabilities</b>	<b>12 269</b>	<b>24 517</b>	<b>16 905</b>	<b>13 990</b>	<b>20 722</b>	<b>18 395</b>	<b>29 412</b>	<b>211 984</b>	

Source: Västra Hamnen Corporate Finance

Cash flow statement		Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024e	Q2 2024e
kSEK									
Operating activities	-13 508	-20 930	-14 907	-17 468	-4 397	-11 460	-15 307	-17 315	
Changes in working capital	-31 089	3 886	9 468	15 411	-29 650	-112	14 247	-140	
Investing activities	0	0	0	0	-104	0	0	0	
Financing activities	45 359	25 000	0	0	45 216	6 574	16 500	200 000	
<b>Cash flow for the period</b>	<b>762</b>	<b>7 956</b>	<b>-5 439</b>	<b>-2 057</b>	<b>11 065</b>	<b>-4 998</b>	<b>15 440</b>	<b>182 545</b>	
Beginning cash balance	143	878	8 343	2 415	697	11 703	7 809	23 249	
<b>Ending cash balance</b>	<b>878</b>	<b>8 343</b>	<b>2 415</b>	<b>697</b>	<b>11 703</b>	<b>7 809</b>	<b>23 249</b>	<b>205 794</b>	

Source: Västra Hamnen Corporate Finance

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